

AMENDED IN ASSEMBLY APRIL 15, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1323

Introduced by Assembly Member ~~Cardoza~~ Floyd

February 26, 1999

~~An act to amend Section 89622 of the Education Code, relating to state employee retirement, and making an appropriation therefor. An act relating to public employees' retirement.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1323, as amended, ~~Cardoza~~ Floyd. ~~State employees' optional~~ Public employees' retirement: calculation of benefits.

Under the Public Employees' Retirement Law, the retirement allowance of a state member who retires or dies on or after July 1, 1991, is based on the member's highest annual compensation during his or her last 12 months of employment. With respect to members who retired or died prior to that date, the allowance is based on the highest average annual compensation during their last 36 months of employment.

This bill would provide that the retirement allowances for specified former legislative employees who retired in February 1991 shall be recalculated based on their last 12-months' compensation.

~~Existing law establishes the Optional Retirement Program for eligible employees of the California State University in lieu of participation in the Public Employees' Retirement System.~~

~~The state is required to contribute amounts to the program equal to the employer contribution of the trustees to the Public Employees' Retirement System, less amounts, attributable to specified unfunded obligations, and that contribution is continuously appropriated from the General Fund to the trustees.~~

~~This bill would require a minimum contribution of 5%, exclusive of any amounts attributable to the unfunded obligation and would require specified amounts to be contributed in the event the employer contribution of the trustees is less than 5%.~~

Vote: majority. Appropriation: yes *no*. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 89622 of the Education Code is~~
2 *SECTION 1. Notwithstanding Section 20035 of the*
3 *Government Code, the retirement allowances of those*
4 *former legislative employees who accepted an offer of*
5 *early retirement in February 1991 shall be recalculated*
6 *based on the respective employee's highest average*
7 *annual compensation during his or her last 12 months of*
8 *employment.*
9 ~~amended to read:~~
10 ~~89622. (a) The state shall contribute to the optional~~
11 ~~retirement program an amount equal to the employer~~
12 ~~contribution of the trustees to the Public Employees'~~
13 ~~Retirement System subject to a minimum contribution of~~
14 ~~5 percent, exclusive of any amount attributable to the~~
15 ~~unfunded actuarial obligation of the Public Employees'~~
16 ~~Retirement Fund, as determined by the Board of~~
17 ~~Administration of the Public Employees' Retirement~~
18 ~~System, which until June 30, 2016, shall instead be~~
19 ~~transmitted to the Public Employees' Retirement~~
20 ~~System. The Public Employees' Retirement System shall~~
21 ~~provide the necessary data processing services and shall~~
22 ~~charge the providers an administrative fee appropriate to~~
23 ~~pay the costs of providing those services. The amount~~
24 ~~currently attributable to the unfunded actuarial~~

1 obligation of the Public Employees' Retirement Fund has
2 been determined by the Board of Administration to be 2
3 percent. The Board of Administration shall, if the
4 employer contribution rate varies from the employer
5 contribution rate in effect on July 1, 2000, by at least plus
6 or minus 5 percent, recalculate the amount attributable
7 to the unfunded actuarial obligation. Thereafter, the
8 Board of Administration shall, whenever the employer
9 contribution rate varies from the employer contribution
10 rate in effect on the effective date of the previous
11 recalculation pursuant to this section by at least plus or
12 minus 5 percent, recalculate the amount attributable to
13 the unfunded actuarial obligation. The trustees and the
14 providers of optional retirement programs shall provide
15 the Public Employees' Retirement System with any
16 personnel data needed for the recalculation.

17 (b) Participants shall contribute to the optional
18 retirement program an amount equal to the contribution
19 required of employees pursuant to Section 20677 of the
20 Government Code.

21 (c) In the event the employer contribution of the
22 trustees to the Public Employees' Retirement System is
23 less than 5 percent, the trustees shall contribute to the
24 optional retirement plan the difference between the 5
25 percent minimum required in subdivision (a) and the
26 employer contribution of the trustees to the Public
27 Employees' Retirement System.

28 (d) Contributions required by subdivision (b) may be
29 made by a reduction in salary in accordance with any
30 applicable provision of the Internal Revenue Code.
31 Payment of contributions authorized or required by this
32 section shall be made by the Controller to the appropriate
33 program administrator.

34 (e) Notwithstanding Section 13340 of the Government
35 Code, there is hereby continuously appropriated from
36 the General Fund monthly to the trustees the state's
37 contribution prescribed in subdivision (a).